

**NOTICE OF PROBABLE VIOLATION
and
PROPOSED CIVIL PENALTY**

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

January 23, 2020

Mr. Mark Cluff
VP Safety & Operational Discipline
Williams Partners, L.P
One Williams Center
Tulsa, OK 74172

CPF 2-2020-1001

Dear Mr. Cluff:

On January 7-10, March 18-22, May 20-24, and July 29-August 2, 2019, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected the Gulfstream Management & Operating Services, LLC (Gulfstream) pipeline system in Alabama, Mississippi, and Florida. Gulfstream is a subsidiary of Williams Partners, L.P. (Williams).

As a result of the inspection, it is alleged that Gulfstream has committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). The items inspected and the probable violations are:

1. § 191.5 Immediate notice of certain incidents.

- (a) At the earliest practicable moment following discovery, but no later than one hour after confirmed discovery, each operator must give notice in accordance with paragraph**
- (b) of this section of each incident as defined in §191.3.**

Gulfstream failed to comply with the regulation because it did not, at the earliest practicable moment following discovery, but no later than one hour after confirmed discovery, give notice in accordance with paragraph (b) of this section of each incident as defined in § 191.3. Section 191.3 defines “confirmed discovery” as “when it can be reasonably determined, based on information available to the operator at the time a reportable event has occurred, even if only based on a preliminary evaluation.”

On December 16, 2017, Gulfstream personnel preliminarily identified a release of natural gas from Main Line Valve (MLV) 60-1, located in Jackson County, Mississippi. Gulfstream did not notify the NRC of the release until December 19, 2017 (NRC Report #1200029).

2. § 191.5 Immediate notice of certain incidents

(a) ...

(c) Within 48 hours after the confirmed discovery of an incident, to the extent practicable, an operator must revise or confirm its initial telephonic notice required in paragraph (b) of this section with an estimate of the amount of product released, an estimate of the number of fatalities and injuries, and all other significant facts that are known by the operator that are relevant to the cause of the incident or extent of the damages. If there are no changes or revisions to the initial report, the operator must confirm the estimates in its initial report

Gulfstream failed to comply with the regulation because it did not, within 48 hours after the confirmed discovery of an incident, to the extent practicable, revise or confirm its initial telephonic notice required in paragraph (b) of this section with an estimate of the amount of product released, an estimate of the number of fatalities and injuries, and all other significant facts that are known by the operator that are relevant to the cause of the incident or extent of the damages.

Gulfstream made its initial telephonic notice of a natural gas release from MLV 60-1 on December 19, 2017. Based on this telephonic notice date^a, a confirmation of (or revision to) the initial report (NRC Report #1200029) was required no later than December 21, 2017. Gulfstream did not make additional telephonic notices to the NRC regarding this natural gas release at any time after it made the initial call.

^a The initial telephonic notice was required on December 16, 2017, which was the same day as the identification of the valve failure and subsequent natural gas release.

3. §192.605 Procedural manual for operations, maintenance, and emergencies.

(a) General. Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. For transmission lines, the manual must also include procedures for handling abnormal operations. This manual must be reviewed and updated by the operator at intervals not exceeding 15 months, but at least once each calendar year. This manual must be prepared before operations of a pipeline system commence. Appropriate parts of the manual must be kept at locations where operations and maintenance activities are conducted.

Gulfstream failed to comply with the regulation because its personnel could not follow its manual of written procedures for a “Gas Detection System Functional Test.” Specifically, Gulfstream personnel could not verify all audible or visual indications were working properly, as required by Gulfstream procedure.

At the time of PHMSA’s inspection, Gulfstream Procedure 07.11.01.01, titled “Combustible Gas Detection Calibration, Early Warning and Shutdown System Function Tests”, dated August 24, 2017, prescribed required actions to ensure compliance with §192.736. Section 3.0 of the above-referenced procedure included the following note: “It is advised that the Shutdown Functions of the system be bypassed during this testing, unless the goal is to actually trigger a live shutdown response.” Section 3.3 of the above-referenced procedure required Gulfstream personnel to “Verify operation of alarm point settings and all audio and visual indications are working properly and record findings.”

PHMSA inspectors observed Gulfstream personnel perform a “Gas Detection System Functional Test” at Station 420 where the audio and visual indications did not activate. Gulfstream personnel stated the following:

“The indications did not activate because the test required putting the station in bypass mode to prevent an Emergency Shutdown of the station.”

The referenced procedure does not exclude the requirement of Section 3.3 in that case, and does not describe that putting the station in “bypass mode” or bypassing the “Shutdown Functions” will disable the audio or visual indications.

4. §192.613 Continuing surveillance.

(a) ...

(b) If a segment of pipeline is determined to be in unsatisfactory condition but no immediate hazard exists, the operator shall initiate a program to recondition or phase out the segment involved, or, if the segment cannot be reconditioned or phased out, reduce the maximum allowable operating pressure in accordance with §192.619 (a) and (b).

Gulfstream failed to comply with the regulation because it did not initiate a program to recondition or phase out a segment of its pipeline that it determined to need repair.

PHMSA’s review of reports documenting atmospheric corrosion inspections conducted on March 30, 2017, revealed that Gulfstream personnel noted MLV 60-1 as having poor coating, pitting, and poor ground level condition. In the same report, Gulfstream personnel indicated that the valve should be repaired “*ASAP.*” MLV 60-1 failed on December 16, 2017, and

released approximately 4MMCF of natural gas. Gulfstream personnel were unable to produce any record that the above-referenced valve had ever been reconditioned or repaired.

Proposed Civil Penalty

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$218,647 per violation per day the violation persists, up to a maximum of \$2,186,465 for a related series of violations. For violation occurring on or after November 27, 2018 and before July 31, 2019, the maximum penalty may not exceed \$213,268 per violation per day, with a maximum penalty not to exceed \$2,132,679. For violation occurring on or after November 2, 2015 and before November 27, 2018, the maximum penalty may not exceed \$209,002 per violation per day, with a maximum penalty not to exceed \$2,090,022. For violations occurring prior to November 2, 2015, the maximum penalty may not exceed \$200,000 per violation per day, with a maximum penalty not to exceed \$2,000,000 for a related series of violations. The Compliance Officer has reviewed the circumstances and supporting documentation involved for Item 4 above and has recommended that you be preliminarily assessed a civil penalty of \$209,002 as follows.

<u>Item number</u>	<u>PENALTY</u>
4	\$209,002

Warning Items

With respect to Items 1, 2, and 3, we have reviewed the circumstances and supporting documents involved in this case and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to promptly correct these items. Failure to do so may result in additional enforcement action.

Response to this Notice

Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Enforcement Proceedings*. Please refer to this document and note the response options. All material you submit in response to this enforcement action may be made publicly available. If you believe that any portion of your responsive material qualifies for confidential treatment under 5 U.S.C. 552(b), along with the complete original document you must provide a second copy of the document with the portions you believe qualify for confidential treatment redacted and an explanation of why you believe the redacted information qualifies for confidential treatment under 5 U.S.C. 552(b).

Following the receipt of this Notice, you have 30 days to submit written comments, or request a hearing under 49 CFR § 190.211. If you do not respond within 30 days of receipt of this Notice, this constitutes a waiver of your right to contest the allegations in this Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in this Notice without further notice to you and to issue a Final Order. If you are responding to this Notice, we propose that you submit your correspondence to my office within 30 days from the receipt of this Notice. This period may be extended by written request for good cause.

In your correspondence on this matter, please refer to **CPF 2-2020-1001** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

James A. Urisko
Director, Office of Pipeline Safety
PHMSA, Southern Region

Enclosure: *Response Options for Pipeline Operators in Enforcement Proceedings*